

Fact Sheet

Module 1: Payroll Taxes and Federal Income Tax Withholding

Payroll and **income** taxes are withheld from employees' pay by their employers.

Employers send withheld taxes to the federal government.

Payroll taxes include Social Security (FICA) tax and Medicare tax.

- The Social Security tax rate is 6.2 percent.
- The Medicare tax rate is 1.45 percent.

Employees complete Form W-4, *Employee's Withholding Allowance Certificate*.

Employers use Form W-4 to compute the amount of income tax to withhold.

<p>----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----</p>	
<p>Form W-4</p> <p>Department of the Treasury Internal Revenue Service</p>	<p>Employee's Withholding Allowance Certificate</p> <p>► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>
<p>OMB No. 1545-0040 2005</p>	
<p>1 Type or print your first name and middle initial Alicia</p>	<p>Last name Myers</p>
<p>2 Your social security number 222 : 00 : 5476</p>	
<p>Home address (number and street or rural route) 462 Main Street</p>	<p>3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</p>
<p>City or town, state, and ZIP code Anytown, USA XXXX</p>	<p>4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. ► <input type="checkbox"/></p>
<p>5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)</p>	<p>5 1</p>
<p>6 Additional amount, if any, you want withheld from each paycheck</p>	<p>6 \$</p>
<p>7 I claim exemption from withholding for 2005, and I certify that I meet both of the following conditions for exemption.</p> <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. <p>If you meet both conditions, write "Exempt" here ► 7</p>	
<p>Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.</p>	
<p>Employee's signature (Form is not valid unless you sign it.) ►</p>	
<p>Date ►</p>	
<p>8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)</p>	<p>9 Office code (optional)</p>
<p>10 Employer identification number (EIN)</p>	
<p>For Privacy Act and Paperwork Reduction Act Notice, see page 2.</p>	
<p>Cat. No. 10220Q Form W-4 (2005)</p>	